UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/49/213
1 July 1994

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Forty-ninth session
Item 99 of the preliminary list*

# SOCIAL DEVELOPMENT, INCLUDING QUESTIONS RELATING TO THE WORLD SOCIAL SITUATION AND TO YOUTH, AGEING, DISABLED PERSONS AND THE FAMILY

## Status and role of cooperatives in the light of new economic and social trends

## Report of the Secretary-General

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* A/49/50/Rev.1.

94-27454 (E) 110894 12/08/94

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## I. INTRODUCTION

1. In paragraph 7 of its resolution 47/90 of 16 December 1992, the General Assembly requested the Secretary-General to submit a report to the Assembly at its forty-ninth session on the status and role of cooperatives in the light of new economic and social trends, indicating in his report the progress made towards the goal of maintaining and increasing, within existing resources, the support provided by the United Nations to the programmes and objectives of the international cooperative movement.

2. The present report has been prepared pursuant to that request and refers to the period April 1992 to June 1994, in so far as information permits. As on the occasion of his preparation of previous reports to the General Assembly on this subject, the Secretary-General was able to benefit from the close collaboration of other members of the Committee for the Promotion and Advancement of Cooperatives (COPAC): the International Labour Organization (ILO), the Food and Agriculture Organization of the United Nations (FAO), the International Cooperative Alliance (ICA), the International Federation of Agricultural Producers (IFAP), the World Council of Credit Unions (WOCCU) and the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF).

3. All members of COPAC provided up-to-date information. IFAP provided position papers prepared by a number of its member organizations. 1/ Members of COPAC reviewed a draft annotated outline of the present report at the fiftieth meeting, held in October 1993 at Geneva, as a means to facilitate their inputs. They reviewed a preliminary draft at the fifty-first meeting, held in March 1994 in New York. Additional inputs became available from discussion at an Open Forum on Cooperatives and the World Summit for Social Development, organized by COPAC in New York in March 1994. The United States Overseas Cooperative Development Council subsequently provided further information.

## II. RECOMMENDATIONS

4. On the basis of the present report, the following recommendations are made for consideration by the General Assembly:

(a) The General Assembly, having decided in its resolution 47/90 to consider the possibility of observing an international day of cooperatives in future years, following the observance in 1995 to mark the centenary of the establishment of ICA, might wish to consider proclaiming an international day of cooperatives as a recurrent annual event, to be celebrated jointly by the United Nations and the international cooperative movement and observed primarily at the national level. The purpose would be to bring to the attention of citizens the opportunities offered by cooperatives as well as to keep Governments informed of the possible benefits to society of cooperative activity;

(b) Governments that have not already done so may wish to establish formal institutional arrangements, such as a joint consultative council or advisory

body, whereby an effective partnership between representative cooperative organizations and themselves may be planned and carried into effect;

(c) Governments of countries undergoing transition from centrally planned economic management might wish to bear in mind that private sector cooperative business enterprises are not only significant components of all industrialized economies, but that they are able to play a crucial role in the process of transformation itself. Consequently, they may wish to work closely with international cooperative organizations, and where appropriate through COPAC, in promoting and supporting new cooperative movements;

(d) Governments may wish to keep under review legal and administrative constraints upon the activities of cooperative enterprises with a view to eliminating those not applied to other businesses or associations of citizens;

(e) Governments, in collaboration with cooperative movements, may wish to develop programmes to improve statistics on the contribution of cooperative enterprises to national economies and to facilitate dissemination of information on cooperatives;

(f) In view of the effective role of cooperative enterprises in creating employment, reducing poverty and enhancing social integration, which are the three core issues to be considered by the World Summit for Social Development in March 1995 in Copenhagen, Governments may wish to channel a larger part of their funds intended for general developmental purposes through cooperative development organizations.

## III. DIMENSIONS AND FUNCTIONS OF COOPERATIVE ENTERPRISE

5. Before considering the significance of major new economic and social trends for cooperatives and for their capability of contributing to the personal goals of their members and to societal goals, it may be useful to review the functions and dimensions of cooperative business enterprise.

6. There is widespread misconception among decision makers and other persons not members of cooperatives themselves of the nature of cooperative forms of business activity and of the dimensions and role of the cooperative movement in meeting society's goals within market economies. This misconception was compounded by use of the term "cooperative" to describe certain types of state-imposed and parastatally organized collectives which had nothing in common but their name with genuine cooperative business enterprises, which are democratic, member-run and member-financed and which are defined by ILO as associations of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate.

## A. Developing countries

7. In the developing countries, in April 1994, if only member organizations of ICA were taken into account, 460 million persons were members of at least one cooperative enterprise: 20 per cent of the estimated population aged 15 to 60; and 63 per cent of ICA's individual membership of 726 million persons. Assuming an average household size of five persons, the population closely associated with cooperatives was 2.3 billion or 57 per cent of the total of all ages.

8. Private sector agricultural supply and marketing cooperatives were well developed in Argentina, Brazil, Chile and Uruguay. Elsewhere in Latin America there were numerous examples of successful cooperative enterprises. For example, in Bolivia a poultry producers' cooperative in Cochabamba produced 60 per cent of the country's chickens and nearly 30 per cent of its eggs. In India, where they had played a major role in supporting the green revolution, 90,000 such cooperatives existed in 1993, when they supplied 34 per cent of fertilizer inputs. The Anand dairy cooperative movement was the largest producer of dairy products, comprising over 57,000 dairy cooperatives with more than 6 million members. In Tunisia, 60 per cent of milk production was marketed by cooperatives in 1993. In some of the economies in which agricultural exports were important, private sector cooperatives contributed substantial percentages of agricultural exports; for example, Uganda: coffee, 20 per cent, and cotton, 65 per cent; Kenya: cotton, 100 per cent, pyrethrum, 87 per cent and coffee, 52 per cent; Côte d'Ivoire: cotton, 99 per cent and coffee and cocoa, 44 per cent; Costa Rica: coffee, 37 per cent; and Brazil: wheat, 50 per cent and cotton, 40 per cent.

9. The process of privatizing parastatal marketing boards and "cooperatives", usually to private sector or genuine cooperatives, continued rapidly, but was incomplete, particularly in respect of those engaged in traditional export crops. New cooperatives in Burkina Faso, Côte d'Ivoire and Mali marketing vegetables and fruits were able to export directly. ILO supported this development through its Interregional Programme for Commercial Exchanges among Cooperatives (INTERCOOP) and its Organizational and Cooperative Support to Grass-roots Initiatives (ACOPAM) project. In these economies, the continuing and accelerating process of restructuring from the compulsory (or parastatal) to the voluntary type of cooperative was the most important development affecting the cooperative movement during the reporting period.

10. Expansion in savings and credit cooperatives continued; in December 1992 national associations in 71 countries were members of WOCCU. In some countries, growth was very strong. In the Republic of Korea, for example, in 1992 the largest credit union movement in any developing country in terms of assets (US$ 7,730 million) and second in terms of membership (2.8 million persons) had only begun three decades previously. In India in 1993, 43 per cent of agricultural credit was provided by cooperative institutions.

11. Worker-owned manufacturing cooperatives continued to be formed from the informal sector, where a large "pre-cooperative" base existed. In 1990, ILO estimated that in African cities very high percentages of the economically active population belonged to some form of mutual self-help association. The International Committee of Industrial, Artisanal and Service Producers'

Cooperatives (CICOPA) estimated that in India in 1993 worker-owned cooperatives included 25 million members. Cooperatives were significant in manufacturing inputs for agriculture, accounting for 25 per cent of fertilizer production. They also had high shares of the processing of outputs: 65 per cent of sugar, 58 per cent of handloom textiles and 12 per cent of cotton ginning. Women found them to be of particular value and used them to diversify from traditional occupations; for example, a women's worker cooperative supplied the public services with telephones.

12. Particularly in Latin America, but also in an increasing number of Asian countries, many rural electricity and telephone services were provided by user-owned cooperatives. Technical assistance has been provided by cooperatives from the developed market economies; for example, between 1962 and 1994, the United States National Rural Electric Cooperative Association helped to establish programmes supplying 32 million persons in 1994. Housing cooperatives and those providing urban infrastructure and services continued to play a major role. Consumer cooperatives were significant in some countries, but had not yet achieved the dimensions of those in developed market economies.

13. In April 1994, the total number of people in China who were members of national cooperative organizations themselves members of ICA was 160 million. Although parastatal "cooperatives" were still of major significance, much progress had occurred in their restructuring to form private sector cooperatives. For example, in 1993 the All China Handicraft and Industrial Cooperative Federation had 95 million members, of which about 30 million were thought to be members of private sector worker cooperatives. Cooperatives faced considerable challenges in the new economic conditions. Thus the Chinese Supply and Marketing Cooperatives organization experienced rising competition from new private enterprises; in 1993, commercial farms already accounted for over 60 per cent of agricultural production and the prices of 95 per cent of farm products had been liberalized. In response, the organization had set up 3,000 marketing centres designed to undertake the direct marketing of agricultural commodities to urban centres. Major investments were to be made in human resource development. A programme for developing international trade was under way: by 1993 about 1,000 joint ventures had been set up between foreign enterprises and Chinese cooperatives involving $1 billion in capital.

## B. Developed market economies

14. In the developed market economies, in April 1994 177 million persons were members of at least one cooperative enterprise: 33 per cent of the estimated population aged 15 to 60. Assuming an average household size of 3, the population closely associated with cooperative activity was 531 million, 62 per cent of the total of all ages. They made up 24.4 per cent of ICA's individual membership. Total employment of non-members was not known, but would add many millions to the number of closely associated persons. Cooperative enterprises continued to contribute major shares to national economies, but no firm statistics on share of gross domestic product were available.

15. Most small- and medium-sized rural production enterprises were member-owners of supply and marketing cooperatives which had expanded into the

manufacture of inputs and into purchasing, processing, wholesaling and retailing of outputs. These were complemented by rural savings and credit cooperatives (credit unions) and cooperative banks and insurance enterprises. In Germany in 1991, for example, farmers made more than half of their purchases of inputs and more than half of their sales of outputs through the Raiffeisen cooperative movement, which had a membership of 4.25 million persons and a total turnover of 77 thousand million deutsche mark. In 1993, such cooperatives in the European Union, Austria, Finland and Sweden had 14 million members, 800,000 employees, a turnover of 205 billion European currency units (ECU) and shares of total farm inputs of 55 per cent and of marketing of 60 per cent.

16. In the United States in 1992 agricultural supply and marketing cooperatives served 4 million members and their gross business volume was $93 billion. Fourteen were included in the "Fortune 500" list of the largest corporations. In 1991, cooperatives' percentages of farm production expenditures were high: fertilizers, 45 per cent; petroleum, 43 per cent; and farm chemicals, 28 per cent. Percentage shares of marketing were 81 per cent for milk, 38 per cent for cotton and cotton seed, as well as for grains and oilseeds, and 18 per cent for fruits and vegetables. In 1992 in Canada, 8 of the top 10 agricultural firms were cooperative enterprises. Those in the prairie provinces marketed 75 per cent of western Canadian grain and oilseed. In Japan, almost every farm enterprise was a member of a supply and marketing cooperative, which in 1993 handled 95 per cent of rice production. In Japan also, approximately 90 per cent of fisheries products were accounted for by cooperative enterprises.

17. Cooperative enterprises accounted for major shares of manufacturing sectors inputs for agriculture or processing foodstuffs for industrial and household consumption, many being subsidiaries of agricultural or consumer cooperatives. Many small- and medium-sized manufacturing enterprises were worker-owned cooperatives. In 1993, CICOPA estimated there were 5 million members of such cooperatives in Europe. In some areas, cooperatives continued successful growth in heavy industry; for example the Mondragon Group in Spain, which in 1991 had a member-owner work force of 22,800.

18. Savings and credit cooperatives continued to be significant in the financial sectors of most countries. In December 1992, the percentages of the population of economically active age which were members of a credit union was 49 per cent in Canada, 41 per cent in Ireland and 35 per cent in the United States of America. In Canada, credit unions held 15 per cent of national savings. Moreover, in most countries they continued to expand: in Australia, between 1991 and 1993 they increased deposits by 30 per cent, reserves by 48 per cent and loans by 21 per cent. Cooperative banks continued to be of major importance; the Crédit mutuelle in France and the Rabobank Group in the Netherlands were among the largest banking institutions in those countries. Cooperative insurance enterprises were also of major importance; in Sweden, half the population had at least one insurance policy with the cooperative Folksam Group.

19. Substantial shares of housing and utilities were provided by cooperatives. In the United States in 1992, rural electricity cooperatives supplied 25 million people. Health cooperatives remained predominant in national health care in Japan and Spain and continued to expand elsewhere. In the United States they

served 12 million people in 1992. High proportions of citizens were member-owners of consumer cooperatives; in December 1991 in the European Community, as well as in the Nordic countries, Switzerland and the former Czechoslovakia, consumer cooperatives had 21.6 million members and 393,000 employees and a turnover during 1991 of ECU 45,639 million. They accounted for over half of retail food sales in Switzerland, 34 per cent in Denmark and 30 per cent in Finland.

## C. Transitional economies

20. In the transitional economies, in April 1994 89 million persons were members of national organizations themselves members of ICA. Some were members of parastatal "cooperatives", which were still surviving although already in the process of change to genuine cooperative status. They made up 12 per cent of ICA's individual membership. Membership was equivalent to 39.3 per cent of the population aged between 15 and 60. Assuming an average household size of 3 persons, the population closely associated with cooperative activity was 266 million, 70 per cent of the total of all ages.

21. By 1994, in the rural sector the previously dominant parastatal "cooperatives" survived in only slightly changed form in some countries, had been privatized, often to their former managers, in others, had become true cooperatives in yet others, and in some cases had simply disappeared without replacement. In the new German laender, 65 per cent of the collectives were transformed into genuine production cooperatives under German cooperative law; the remainder were converted into private enterprises in different legal forms. Those restructured along cooperative lines had to adopt innovations in processing and marketing in order to survive. For example, one of these new cooperatives, specializing in potato production, has designed new processing equipment and successfully marketed output on a daily basis to large institutional consumers in Berlin, several hundred kilometres distant. Similar developments were reported from Slovakia.

22. Considerable difficulties faced further transformation of the parastatal supply and marketing systems into true cooperatives. For example, in Bulgaria as producer cooperatives, formerly responsible for many essential services to agriculture, were liquidated, no alternatives were being developed. Cooperative organizations from the United States, Canada, the European Union and the Nordic countries promoted restructuring to fully private status and then commercial growth. For example, in the Russian Federation, where the Government still controlled most of the supply and marketing system, the American cooperative volunteers organization VOCA supported the establishment of the first private farmer-owned supply and marketing cooperative, the Golden Grain Cooperative, in the Saratov region. ILO and FAO also worked extensively to promote genuine rural cooperatives. For example, FAO organized at Gödöllo, Hungary, in 1992 a Sub-Regional Workshop on Reorienting the Cooperative Structure in Eastern European Countries, and in Sofia in 1993 a Sub-Regional Workshop on Developing and Strengthening Voluntary Farmers' Organizations in Central and Eastern Europe.

23. A significant decrease occurred in the manufacturing sector; in the Russian Federation from 310,000 parastatal "cooperatives" with several million members in 1990 to an estimated few hundred thousand members in private sector worker cooperatives in 1993. However, new entrepreneurial ventures appeared there and in other transitional economies; for example, at Kiev, persons with experience in the design and construction of machinery established a worker-owned cooperative. Generation and distribution of electricity was still mostly a state monopoly, but in Estonia state enterprises were assisted by the United States National Rural Electric Cooperative Association to begin to commercialize their operations and to consider developing local distribution cooperatives as a means to decentralize and privatize part of those monopolies. At Wist and Tyczyn in southern Poland the United States National Telephone Cooperative Association helped to establish in 1992 the first two cooperative telephone enterprises in Eastern Europe, providing services to 6,000 enterprises and households.

24. A beginning was made in the establishment of housing cooperatives, in some cases by transforming housing formerly associated with major industrial enterprises into cooperatives. For example, in May 1993, housing occupied by the former workforce of the Maxhutte steel plant in Thuringia, Germany, was taken over by the first significant housing cooperative in the new laender. In Bulgaria, Hungary and Poland, the United States Cooperative Housing Foundation implemented projects designed to demonstrate how housing cooperatives functioned, and it set up a model for cooperative forms of urban community development in the Timisoari region of Romania. Prior to transition, parastatal consumer "cooperatives" held virtual monopolies in the supply of household inputs, and also organized women's clubs, elderly persons' clubs, vocational training centres, children's day care centres and other community services. Most have been privatized, some to new genuine cooperatives; in Poland in 1988 there had been about three million members of parastatal consumer "cooperatives", while in 1992 there were 573,000 members of genuine consumer cooperatives. Most community service functions have been abandoned but others continued to function in the absence of viable alternatives. In Georgia, for example, parastatal "cooperatives" retained in 1993 a virtual monopoly in the supply of basic foodstuffs.

25. It was increasingly realized that savings and credit cooperatives (credit unions) could play a major role in mobilizing local savings and reinvesting them in local entrepreneurial activity for which neither state banks nor new financial institutions were willing to provide capital. With support from credit unions in North America and Europe, and from WOCCU, considerable progress continued to be made. In 1992, the first credit unions were set up in Poland and the Russian Federation; by April 1994 there were 56 in the former and 23 in the latter. The United States organization Agricultural Cooperative Development International has supported the establishment of rural cooperative banks in Albania, Hungary and Poland.

## IV. CONTRIBUTIONS OF COOPERATIVE ENTERPRISES TO THE CREATION OF PRODUCTIVE EMPLOYMENT, ALLEVIATION AND REDUCTION OF POVERTY AND ENHANCEMENT OF SOCIAL INTEGRATION

26. In developing countries, structural adjustment continued to have a negative impact upon many individuals. In many areas social disintegration continued rapidly. In developed market economies, slow economic growth combined with an inability to absorb unemployment was the principal cause of unexpectedly persistent poverty, accompanied by accelerating social marginalization. In the transitional economies, restructuring brought widespread poverty, social tensions and new forms of dysfunction. These trends adversely affected sections of the cooperative movement, notably consumer cooperatives in some of the developed market economies. However, many countries affected by structural adjustment cooperatives benefited from new opportunities opened up by deregulation and liberalization, including the restructuring of the former parastatal "cooperative" sector, making room for the expansion of a genuine cooperative movement. In these circumstances, cooperative enterprises continued to be a major means to create or protect productive employment, alleviate and reduce poverty and promote social integration. Of paramount importance for members was the achievement of economic security and progress for themselves and their dependants. Cooperatives were a means to articulate their relationships with the market, assuring them a certain degree of control over their economic environment.

27. Employment as worker-members and worker-owners in cooperative enterprises continued to be very substantial. In 1993, CICOPA estimated membership in that sort of cooperative at about 100 million world wide. Many relatively secure and productive jobs existed primarily because, in the face of actual or threatened unemployment through closure, lay-offs, or relocation, employees of non-cooperative enterprises were able to create worker-owned cooperatives, often by means of collaboration with former management and local authorities. For example, in Italy, the Government encouraged the formation by national cooperative organizations of a cooperative financial development enterprise, to which governmental funding could be made for investment in new worker-cooperatives. Eighty per cent of their members were to comprise highly trained persons recently unemployed and willing to take over an enterprise in crisis or to begin a new business. Public contributions per worker were equivalent to the average unemployment benefit for a three-year period.

28. Employment in cooperatives as non-members was not yet known for all sectors. In 1989, in the European Community, agricultural supply and marketing cooperatives employed 720,000 persons and in Japan in 1991 they employed 298,000 persons. Employment of that nature was high in developing countries also. In India, for example, large sugar refineries, spinning mills, dairies and other processing plants employed many millions of workers, many of whom were women. Substantial employment, including self-employment, continued in those non-cooperative enterprises whose economic viability was secured by the operation of supply, marketing and financial cooperatives.

29. It may be presumed that further employment was made possible only because of the efficient operation of the household economy, which increased the capacity of household members, particularly women, to engage regularly in the

labour force. That efficiency was achieved in many countries partly by provision by cooperatives of appropriate and fairly priced goods and services. At least some employment may have been made possible only because of the ability of the cooperative movement to lobby for adjustment of public policies and because of the economic multipliers that originated in those activities of cooperative enterprises unlikely to have been undertaken by other private enterprises or public agencies. Much attention was being given to the employment creating capability of cooperatives by the movement itself and by Governments; in India a comprehensive study was under way. In 1993 ILO conducted a seminar at Kiev, on the role of cooperatives in employment creation in transitional economies, which resulted in a UNDP-financed project on twinning arrangements between cooperatives in Eastern and Western Europe. In 1994, ILO completed a study of the employment impact in developing countries.

30. Cooperatives continued to be an important means, often the only one available, whereby the poor, as well as those better off but at perpetual risk of becoming poor, have been able to achieve economic security and an acceptable standard of living and quality of life. Employment provided by them was responsible for a flow of income of central importance for the alleviation of poverty for many millions, and a safeguard against falling into poverty for many millions more. In many countries, a wide range of utilities and services was made available to the poor, at a cost and quality they would not otherwise have been able to afford, by consumer cooperatives.

31. Access to means of secure savings, insurance against risk, and credit at non-exploitive terms provided by membership in savings and credit cooperatives, insurance cooperatives and cooperative banks continued to be of the greatest value for the poor and those at risk of becoming poor. They provided credit on reasonable terms, either to render more efficient the household sector (credit unions were in many communities the only financial institutions that provided housing loans to low-income families), or to provide capital and insurance for entrepreneurial activities, or to provide resources at times of emergency, whether personal or arising from natural disaster or civil strife. They enabled the poor to avoid permanent indebtedness, which might preclude their further ability to earn a living. For example, in Barbados the 48-member Credit Union League recently guaranteed full working capital funding for a new cooperative insurance company for 40,000 low and medium-income residents who were thereby for the first time able to protect themselves against risk.

32. Cooperatives were particularly effective in consumer protection, because as business enterprises they could take direct economic action. They took initiatives to reduce consumer indebtedness. For example, the Belgian Cooperative Center on Consumerism, with the help of the National Bank, organized a conference on this topic in September 1993. Swedish consumer cooperatives established their own advertising agency, whose policies were to conform to an ethical code. In many countries, the cooperative movements used their economic weight to combat monopolies and to influence governmental policies to favour the poor.

33. Within the Consumers Consultative Council of the European Union, the international union of consumers cooperatives EUROCOOP (the European Community of Consumer Cooperatives), assumed formal responsibility for drafting the

directives of the Union on foodstuffs, and by lobbying succeeded in having a consumer protection section included within the Treaty of the European Union.

34. The contribution of cooperatives to the protection of existing, or to the creation of new, productive employment and to the alleviation and reduction of poverty continued to be a principal means whereby many millions of persons could integrate more effectively in society, overcoming contemporary tendencies to social disintegration. Not only were persons furnished with the material conditions and the economic base necessary for equitable participation, but they were enabled to gain self-respect and dignity and to move, in the perception of wider society, from a condition labelled negative to one labelled positive. This was particularly important for persons suffering not only from unemployment and poverty but also from exploitation and discrimination on the basis of their socio-cultural characteristics or of gender, age or disability.

35. Women continued to find membership in cooperative enterprises a most effective means to achieve economic empowerment, to engage in entrepreneurial activities and in employment, and, of great importance, to retain the benefits thereof. Not least important was the protection afforded to their assets by their formal association within a cooperative. Credit unions allowed them to manage their own financial affairs and to obtain their own credit for entrepreneurial ventures. Membership in health, child-care, community development and consumer cooperatives reduced significantly the burden of their sole responsibility for the household economy. Cooperatives often developed practical means to achieve real equality. For example, in Sweden in 1992 the cooperative Folksam Group was awarded first prize by the Swedish Equal Opportunities Ombudsman for its internal gender policy. Moreover, cooperatives continued to seek ways to meet the particular needs of their women members, clients or customers. For example, since 1985 the Folksam Group has developed special forms of insurance to meet women's lesser financial security and exposure to financial discrimination when confronted by unemployment, illness, divorce or old age.

36. Through their improvement of the condition of women, cooperatives were able to improve that of children also, but some types of cooperative were particularly relevant, such as housing, health, education and child-care cooperatives. The latter expanded very rapidly; in Canada in 1993, an Association of Canadian Child-care Cooperatives was founded, representing 900 such enterprises. Many credit unions operated special facilities for the children of members and promoted branches in schools, partly operated by children themselves. Cooperative movements continued to take a close interest in the situation of young persons. Some held national meetings on the topic; for example, in the Philippines in October 1992 the National Federation of Cooperatives and the Cooperatives Education Center organized a first National Cooperative Youth Congress. Unemployed young persons themselves set up production or service cooperatives. In Côte d'Ivoire, for example, unemployed school drop-outs formed a forestry maintenance cooperative and signed a contract with the Government to undertake that function within that local area.

37. Cooperatives continued to be an important means whereby older persons could organize their own mutual self-help. They also enabled retired persons to provide services to others, based on their experience and skills. In the United

States, a group of older persons in Washington formed the United Seniors Health Cooperative, whose function was to analyse the multiplicity of public and private programmes potentially beneficial to them, to evaluate and advise on options, and to help them make use of the opportunities available. Many cooperatives took an interest in the needs of their older members. For example, the Migros consumer cooperative federation in Switzerland continued a programme to help members see ageing as a challenge and to assist them to maintain and make the best use of their abilities. In Japan, agricultural cooperatives expanded services for older members to meet demand created by the rapid ageing of the rural population.

38. Worker-owned cooperatives continued to provide opportunities for the reintegration within society of persons with disabilities through vocational rehabilitative employment in a controlled and supportive environment. Experience gained in such cooperatives permitted many individuals to go on to employment elsewhere in normal conditions. Service cooperatives were established by parents or other responsible persons on behalf of seriously dysfunctional dependants. For example, in France parents of children with severe mental disabilities established the Syndicat National des Associations des Parents d'Enfants Inadaptés. Because they were owned and controlled by members for their own benefit and that of the communities of which they were part, cooperatives were inherently concerned to take measures designed to prevent disability and dysfunction, including occupational safety, quality control of consumer commodities and measures to promote healthy living.

39. Socio-culturally distinct populations, including indigenous peoples, continued to find in cooperative business enterprises owned and controlled by themselves a valuable means for economic empowerment, enabling them to mobilize and utilize local resources and secure access to markets under fair conditions. They drew strength from their association as equal partners in national cooperative movements. During 1993, ICA's regional office for Central America supported cooperatives in 19 indigenous communities in seven countries and organized a Seminar on Indigenous Cooperatives and Human Rights at Quetzaltengo, Guatemala, which concluded that the cooperative model was appropriate for indigenous communities because it offered a means for economic and social development while respecting the distinctive culture and identity of its members. In India in 1993, there were 3 million members of cooperatives owned by indigenous communities and organized within a Tribal Agricultural Cooperative Marketing Federation, supported by the Government and by ILO in its Interregional Programme to Support Self-reliance of Indigenous and Tribal Communities through Cooperatives and other Self-help Organizations (INDISCO).

40. Cooperatives in a number of developed market economies made special arrangements for migrants. For example, the Ludwig-Frank Housing Cooperative at Mannheim, Germany, received a World Habitat Award for its work of renovating a residential area to provide housing and a community centre offering training and language courses for a population originating in 15 countries. The Latin American regional association of credit unions introduced special arrangements for the safe transfer of migrant remittances. Membership in cooperatives proved to be an effective means to reintegrate refugees and internally displaced persons. In Guatemala, for example, returning refugees chose them as the most appropriate vehicle for their resettlement in the department of El Peten.

## V. CONTRIBUTIONS OF COOPERATIVE ENTERPRISES TO THE EFFICIENCY, QUALITY AND SUSTAINABILITY OF ECONOMIES

41. Even in those countries where economies continued or resumed growth, there were many qualitative aspects of their behaviour which caused public concern. Production of goods and services did not respond to the basic needs of large sections of the population, but catered for non-sustainable consumption by the more privileged. Diseconomies resulted from monopolistic structures and from over-regulation, for example of the labour market, and from imbalance in the distribution of economic activities and population within national territory. Considerable human, capital and natural resources were neglected or exploited. Quality of life deteriorated for many. Public agencies were decreasingly able to deal with the diseconomies created, while most private for-profit enterprises were unable, even when willing, to adjust their behaviour because of highly competitive market conditions.

42. In these circumstances, and in spite of inefficiencies and failures of their own, cooperative business enterprises operated to some degree as a countervailing force and were able in aggregate to create public goods by their contribution to the improved efficiency, quality and sustainability of national economies. As business enterprises constituted by and for large (and frequently less advantaged) sectors of the population, they were inherently motivated towards efficiency in providing high quality services to their memberships, thus automatically working towards widespread economic, social and environmental benefits. That is, in being concerned with the quality of their services to their members, they were ipso facto concerned with the quality of the economy. For example, in 1994 the Japanese Consumers' Cooperative Union declared that its aim was to help the country's society and economy move from their current focus on industrial growth. By making quality of life a central theme, the Japanese cooperative movement hoped to build a better future for its members and their communities.

43. Cooperatives constituted the organizational means whereby a constant inflow of entrepreneurs from the informal and household sectors forced existing enterprises to become increasingly more efficient. Cooperatives also promoted an efficient market because they were inherently innovative and capable of operating at low margins. Because benefits derived from the efficiency of their enterprise accrued to members alone, their motivation, creativity and openness to innovation tended to be considerable, particularly in worker cooperatives, supply and marketing cooperatives and new types of user- or client-owned cooperatives, although this was no longer the case to the same degree in the larger consumer cooperatives, where, however, efforts were being made to reinvigorate member involvement. Large-scale cooperative enterprises came to be professionally managed in much the same way as other enterprises, but an essential difference remained; namely that the surplus gained by increased business efficiency accrued directly and equally to the large numbers of member-owners, to be expended mostly within the communities where the cooperative operated. Moreover, the constant concern of members that their cooperative remain viable in order to serve their interests maintained pressure on management to be efficient. They responded by all the forms of business adjustment usual within the market, including amalgamations, backward and forward grouping, development of specialist support institutions able to provide

capital, business advice and opportunities, and technical assistance, to improve the efficiency of individual cooperative enterprises. The capacity of the resultant large integrated systems for achieving economies of scale became considerable and their economic weight lent power to lobbying. To some degree, this process tended towards a cooperative monopoly, particularly in food marketing. Unlike other monopolies, however, the beneficiaries were a large proportion of the rural population, while close links with urban consumer cooperatives limited a negative effect upon most consumers. Thus, although often seeking to close sections of the market to non-cooperatives and to seek subsidies, the impact upon society was on balance positive because large numbers benefited.

44. That cooperatives were effective in satisfying the needs of their members was proven by the fact that so many millions of persons continued to find their voluntary membership worthwhile. That they were efficient as business enterprises was proven by the fact that many cooperatives have grown from humble origins to predominance in highly competitive market conditions. Cooperatives have received awards for business efficiency; for example, in India, the 1990-1991 National Productivity Council Award for best performance by bio-fertilizer producers went to a subsidiary of the National Agricultural Cooperative Federation of India. Governments recognized the efficiency of cooperatives in promoting their takeover of inefficient non-cooperative enterprises, as, for example, in India, where a survey conducted in Calcutta in 1989 showed that 20 worker-cooperatives formed from inefficiently managed enterprises nine years previously had all operated profitably since then. Agricultural supply and service cooperatives continued to be an important, often the only, means to diffuse new technologies, products and equipment and they did so effectively, given that they were managed to meet the needs of their member-owners.

45. A public good of undoubted significance and major proportions was the spill-over effect of the entrepreneurial experience and organizational, leadership and technical skills of members, management and other employees into other areas of their activity in the community. Members with the least educational status stood to gain the most; for women, young persons, immigrants and members of minorities, membership was an important means of educational advancement. Because members of cooperative enterprises benefited from the efficiencies thereby created, they were strongly motivated to improve their own educational status and that of managers and employees, in a range of skills from adult literacy to business operations. Indeed, cooperative legislation in many countries required that some percentage of surplus be set aside to finance members' education. They were able to draw upon cooperative training organizations supported by national and international cooperative organizations, with ICA acting as a catalyst and coordinator. For example, in Spain the Mondragon cooperative group included its own technical and managerial colleges and a cooperative university. ILO promoted the use of the comprehensive cooperative management training materials produced by its Materials for Training in Cooperative Management (MATCOM) project.

46. In addition to mobilizing human resources, cooperatives often made available capital and natural resources. Savings and credit cooperatives (credit unions) were able to mobilize the capital existing even in the

apparently poorest of communities. For example, in the Zinder region of the Niger, a pilot credit union development project supported by WOCCU and the United States Agency for International Development promoted credit unions which, in their first year of operation, accumulated savings equivalent to $20,000. Cooperatives were a means whereby primary producers owning or having usufruct over natural resources might shift from subsistence or local semi-monetized activity to full participation in the national economy, bringing with them land, water and bio-resources hitherto not available to it.

47. The impact of cooperative enterprises upon the distribution of income and wealth tended towards enabling lower-income strata to improve their real and relative positions and protecting middle-income strata from retrogression. This contributed to reduction of diseconomies arising from societal imbalance: the opportunities lost because of the inability of the poor to contribute fully their human, capital and natural resources; the costs to society of the existence of a large deprived section of the population; and the capacity of the rich to use societal resources for exploitive, speculative and other non-productive purposes.

48. More balanced societal structure was reflected in better regional equilibrium and reduction of locational diseconomies; neglect and exploitation in rural regions, congestion in urban regions. Cooperatives protected rural economies, promoting their efficiency and sustainability and defending the interests of their members. They were vehicles for subsidiarity and sustainability and promoters of a high quality rural society. Their levels of investment in rural economies may be illustrated by the Raiffeisen system in Germany, which during 1988-1992 invested 7.5 thousand million deutsche mark in buildings and equipment alone. Cooperative organizations took a lead in promoting regional development in depressed rural areas. In Quebec, for example, the Mouvement des Caisses Desjardins funded, in collaboration with local authorities and other private enterprises, programmes of community and regional development. In urban regions, cooperatives facilitated the mobilization of under-utilized human and capital resources, including the resource constituted by neglected housing stock and urban infrastructure, helping to reduce urban diseconomies. They facilitated small-scale entrepreneurial ventures, provided vitally needed services to many for whom no alternative existed and contributed to greater communal solidarity. This capability has been observed with increasing interest by public authorities; in Sweden, for example, the municipality of Vastervik decided in 1989 to turn over the operation of integrated social services in an entire neighbourhood to a housing cooperative.

49. By their contributions to better regional balance, cooperatives helped reduce rural to urban migration. By reducing poverty, improving the efficiency of the household economy and, particularly, by advancing the status of women, cooperatives encouraged reduction in fertility. More specifically, some cooperatives and cooperative movements promoted family planning as a contribution to the welfare of members and their families.

50. Cooperative enterprises were beginning to have a still very small but potentially significant impact upon imbalance in the global economy by means of their contributions to more balanced and sustainable growth in developing

countries. This they achieved through strong endogenous growth supported by appropriate technical assistance and equitable international trade. They took advantage of new opportunities arising from structural adjustment, counteracting thereby the susceptibility of developing economies to the negative impact of global processes. While many cooperatives in developed market economies suffered from the impact of globalization on the local economies in which they operated, many were able to minimize these negative effects. They resisted the transfer of economic activities to low-labour-cost locations abroad because the membership had a strong stake in the local communities within which the cooperative operated. Because of their innovative capabilities, they were able to adjust, often towards greater compatibility with sustainable development. In Sweden, for example, as farmers' profitability declined, they formed small service cooperatives, offering know-how and machinery for use by municipalities, telephone companies and others in such work as construction and park maintenance.

51. Increasing international trade between cooperatives constituted a still small but potentially important means to reduce the exploitive and inequitable aspects of international economic relations. Consumer cooperatives in developed market economies increasingly developed partnerships with producer cooperatives elsewhere based upon an equitable division of the value added. In some cases, cooperative consumers paid top prices for commodities imported from particularly disadvantaged communities in Africa and Latin America. For example, Co-op Suisse, the principal consumer group in Switzerland, recently began sales of coffee produced by cooperatives in Africa and Latin America, many in indigenous communities, who received thereby an income of 3.2 million Swiss francs additional to market prices. International cooperative trade was strongly promoted by regional and global cooperative organizations, and by ILO in its INTERCOOP Programme.

52. Technical assistance provided directly between cooperatives in the same areas of business was particularly effective, given their common interest in commercial success. ICA, through its regional offices, worked with 27 development partners (including government agencies in Australia, Finland, Germany and Japan) to assist national cooperative movements in strategic planning, government relations, human resource development and institutional strengthening. IFAP increased its support to agricultural cooperatives in developing and transitional economies. Efforts were made to coordinate the numerous programmes. For example, in May 1993 at Geneva, 35 cooperative development organizations held the first annual meeting of a newly established East and Central European Cooperative Development Network. In some countries, cooperative development organizations and large cooperative business enterprises providing technical assistance set up institutions whose function included harmonization of programmes and promotion of governmental support. In the United States, for example, this was the case with the Overseas Cooperative Development Council. Movement-to-movement aid between developing market economies also grew in importance during the period. For example, the Philippines National Confederation of Cooperatives was training Vietnamese nationals in basic cooperative organization and business methods. In 1994, representatives of credit union movements in the Republic of Korea, Singapore and Hong Kong, together with the Association of Asian Confederation of Credit

Unions and WOCCU, met to coordinate assistance to credit union development in China.

53. Governments continued to support and supplement cooperative technical assistance. All cooperative development agencies in Australia, Belgium, Canada, Denmark, Finland, France, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States used funds from their Governments as well as from their own members.

## VI. CONTRIBUTIONS OF COOPERATIVE ENTERPRISES TO THE PROMOTION OF SOCIAL STABILITY AND DEMOCRATIZATION

54. Mainly as a result of poor economic performance, but also because of the effect of a revolution in communications which did not always act as a positive force, the predominant trend in many societies was towards social disintegration and growing dysfunction among many sections of society. This was offset to some extent by the widespread expansion of democratic processes and of citizens' greater participation in government, accompanied by the departure of authoritarian regimes of many types. However, in many cases the structures of civil society that were needed to support new forms of societal organization had been absent and could not be constructed overnight. In particular, changes in perceptions and attitudes had shifted from concern for the community towards an excessive individualism. The legacy of inequitable economic relations and external political intervention in endogenous societal development was felt in racial and ethnic tension and even in the collapse of the State itself, leading to internal strife and in some cases war between nations.

55. To the extent that the activities of cooperative enterprises, supported by sectoral, national and international cooperative organizations, contributed to the expansion of productive employment, the alleviation and reduction of poverty and the enhancement of social integration, they strengthened participatory democracy and internal societal stability. Moreover, many cooperatives, in contrast to other types of enterprise, were able to operate effectively in economically marginal locations where the risk of instability and friction was higher than average and from which instability might affect the whole of society. In contemporary societal conditions, these unsafe margins were expanding.

56. Cooperative enterprises were indeed given their name because they were means for cooperation. Their principles emphasized dignity, tolerance and harmony in working together in a voluntary and democratically controlled working context. This encouraged mutual understanding between diverse members, enabling them to work and live together when otherwise they might never have done so. For example, in India the establishment of dairy cooperatives brought about a social revolution because members from hostile segments of communities perceived them to provide an organizational environment within which the benefits of putting aside mutual hostility were not only real, but were distributed equitably. This experience spilled over to other matters of common interest within their communities. Moreover, cooperatives were members of national movements which were also economically or socio-culturally heterogeneous,

although imbued with a single set of cooperative values and principles. This introduced motivation and opportunity for working together within a common framework on an entirely pragmatic basis in order to seize common opportunities and resolve common problems.

57. By their existence, whether in homogeneous or heterogeneous communities, cooperative enterprises contributed to the diffusion of familiarity with democratic processes by means of their procedures for member control. These included active participation of all members in processes of consensus-building and decision-making by means of articulation of ideas and debate, adherence to election procedures and respect for the right of all members to vote. Members developed commitment, accountability, trust and honesty by these means. The experience could be replicated with confidence in other spheres of activity within the community and national society. It was in this sense that cooperatives were widely recognized as "schools for democracy". For these reasons, cooperative membership was particularly significant for women, as well as for young persons and other persons otherwise disadvantaged. Moreover, while not a monolithic sector or system, cooperative movements were coherently organized on democratic principles. They were essentially a bottom-up movement, responsive to a highly varied individual membership; producers and consumers, lower and middle income, core and marginal locations, socio-cultural variety. The process of managing such heterogeneous movements promoted experience of the values of collaboration, compromise, balance and responsibility, all of major significance to the building and protection of democracy.

58. Some members of smaller local cooperatives found it difficult to exercise their rights to control their cooperative, often run by dominant local interest. Many members of large cooperative enterprises, such as the major consumer cooperative groups in developed market economies, were unable or even disinterested in participating in the management of their enterprise. Nevertheless, an increase in levels of real empowerment was always latent in every cooperative. Because of their peculiar constitutional form, membership always had remedy and recourse; although sometimes requiring much courage, members could vote undesired officers and managers out of office and vote in their own representatives.

## VII. CONTRIBUTIONS OF COOPERATIVE ENTERPRISES TO ENVIRONMENTAL RATIONALITY AND SOCIETAL SUSTAINABILITY

59. In spite of growing concern with the continuing damage done to the natural environment by human societies, the logic of their organization continued to promote exploitive and damaging relationships. Cooperative enterprises, possibly more than other types of enterprises within the market, were able to contribute to the reversal of that condition. Member-owners, because they controlled business policies, were empowered to ensure that the operations of their cooperatives were environmentally sustainable. In this way they were able to safeguard their own long-term interests and those of their families and communities, resident in the areas where the enterprise operated. Their growing awareness of environmental issues could be rapidly translated into practical changes in enterprise operation. With growing practical experience, the

cooperative movement took the lead in the environmental movement in some countries.

60. A cooperative environmental conscience has been energetically promoted by international cooperative organizations. In October 1992, the thirtieth ICA Congress adopted a Declaration on the Environment and Sustainable Development which called for the preparation of a "Cooperative Agenda 21", to be presented to the ICA's Centennial Congress in 1995. The IFAP Environmental Committee adopted a statement on the leadership role of agriculture to be presented to its thirty-first General Conference, in 1994. Some regional cooperative organizations recently elaborated their own environmental policies. Movement-to-movement technical assistance on environmental issues expanded during the period. Some national level cooperative development institutions have been pioneers in environmental issues; for example, in Spain, since 1977 the Fundacio Roca Gales has coordinated the environmental work of concerned groups throughout Spain, as well as the environmental education movement in Catalonia. In some countries, cooperatives sought to mobilize the energies of youth in environmental issues. For example, in Belgium the Youth Movement of Socialist Mutuals, in partnership with a cooperative insurance company, set up the Environment-Health-Consumption Foundation. Elsewhere, cooperatives won awards for their environmental commitment; the Kerry Recycling Cooperative in Ireland received a United Nations Environment Programme "Global 500" award.

61. Agricultural cooperatives already promoted more sustainable forms of production. Farm supply cooperatives increased their concern for the environmental suitability of their products, while processing and marketing cooperatives became increasingly sensitive to the environmental impact of their operations. For example, in 1990 the California Waterfowl Association gave an award to Tri Valley Growers, a fruit and vegetable processing and marketing cooperative and a "Fortune 500" enterprise, in recognition of its effort to enhance wetland and waterfowl resources in areas adjacent to its canneries. In Canada, the Saskatchewan Wheat Pool established a "responsible stewardship" programme to make people, both urban and rural, better aware of the issues involved in sustainable agriculture. In Japan, in 1991 the agricultural cooperative movement adopted guidelines on environmentally friendly agriculture and the supply of safe and high quality food and other agricultural products. Forest owners and fisheries cooperatives adopted environmental protection plans in 1989. In developing countries also agricultural cooperatives showed concern for environmental protection. In Mindanao, the Philippines, the Federation of Cooperatives in Davao City and the Federation of Cooperative Banks in Mindanao organized "Project Raintree", a programme of aerial seeding to reforest denuded mountainous areas. The Kenya Planters' Cooperative Union became the first manufacturer in the world to make briquettes from coffee bean husks; "Kahawa coal" has already proved to be healthier and more efficient than charcoal.

62. Consumer cooperatives took the lead in supplying environmentally compatible products, demonstrating that commercial objectives and environmental responsibility were compatible. Moreover, they provided an economic base from which members might engage in activities designed to achieve sustainable development. For example, Japanese consumer cooperatives reviewed life-styles, introduced environmentally friendly products, monitored pollution levels, recycled resources, lobbied local and national authorities, networked with civil

organizations and organized campaigns requesting more effective national environmental policies. In 1992, the Japanese Consumers' Cooperatives Union adopted an "Environmental 21" action plan and called for collaboration on environmental issues between cooperative organizations throughout the world, for this purpose holding a workshop jointly with the ICA Consumer Committee and the International Organization for Consumer Cooperative Distributive Trade (INTERCOOP) in May 1992. In many countries, housing cooperatives have already taken a lead in promoting environmentally friendly shelter. In Finland, for example, the HAKA Construction Enterprise constructed an urban complex of ecologically operated apartment buildings. Innovative community-based approaches to protecting and restoring the urban environment were being undertaken by cooperatives in many countries.

63. Since financial incentives were among the most effective means to achieve a shift towards environmentally sound business practices, financial cooperatives were able to induce significant changes in attitudes and policies and found that this paid off in commercial terms. They adopted codes of ethics and promoted environmentally sound business activities by offering loans at concessional rates, low insurance premiums and other financial incentives. For example, in the United Kingdom the Cooperative Bank was the first bank to respond to the increasing public concern over the impact of business activities upon the environment. In 1991, over 80 per cent of its 1.5 million members said that they thought their bank should have a clear ethical policy on environmental issues. In 1992, the Bank formally included ethical considerations in all its business decisions, encouraging business customers to take a proactive stance on the environmental impact of their activities and terminating transactions with those whose activities were harmful to the environment.

## VIII. DEVELOPMENTS IN THE PROMOTION OF COOPERATIVES

64. International programmes designed to promote cooperative enterprises increasingly accepted, as a guiding principle, full respect for the complete independence of the cooperative movement. By their very nature, cooperatives are self-reliant, self-managed and self-financed enterprises whose success in large measure depends upon their own efforts. To the extent that external support might be valuable, it should be provided mainly from within the cooperative movement itself. Support from outside the movement should be channelled through cooperative development organizations or should be devoted to improving the legislative and administrative environment relevant to cooperative business activity.

65. Global and regional cooperative organizations continued their efforts to support their members world wide. ICA pursued new global policies in respect of cooperative development, human resources development and women in cooperative development. In 1993, IFAD launched a comprehensive world-wide plan for the strengthening of farmers' organizations, part of which addressed the situation of rural cooperative movements. In most developed market economies and some developing countries, the economic dimensions of the cooperative sector and the effectiveness of its own financial institutions assured virtually complete financial independence. In the developing countries, and increasingly in the transitional economies, the movement showed marked capability for mobilizing

hitherto under-utilized capital from within the societies where it operated. Technical assistance was almost completely provided within the cooperative movement itself. Nevertheless, in recognition of the value of cooperatives in the circumstances prevailing in these economies, important flows of financial assistance to them originated in governmental and private development agencies in the developed market economies.

66. Nevertheless, the cooperative movement operated within a global environment profoundly affected by governmental and intergovernmental policies and activities. Hence, the nature of the relationship between the global cooperative movement and Governments functioning at local, regional, national and international levels remained an issue of major significance. Much further progress was made towards a full understanding by Governments that cooperative enterprises were concerned primarily to meet the requirements of their members, who had established and who owned them precisely in order to satisfy their own goals. They realized more fully that, by their very existence, cooperatives contributed very substantially to the achievement of a wide range of societal goals. Therefore a basic premise of any policy in respect of cooperatives should be that they contribute best by effectively carrying out their own agenda; this is not only fully compatible with society's own agenda, but actually provides a model of a people-centred and sustainable society. Consequently, Governments and intergovernmental organizations might best concentrate their efforts on ensuring that the societal environment, in so far as it lies within their capacity to influence it, should be as favourable and supportive as possible to the achievement by the cooperative movement of its own goals. This implies that the governmental role is best limited to registration, regulation and ensuring compliance with the law. This should be no different from that applying to any other type of business enterprise, except to respond to the special characteristics of cooperative organization. The development of this consensus is partly an expression of further democratization in many countries and partly a result of the imperatives of structural adjustment programmes, which demand reduction in governmental involvement in a wide range of activities. It resulted particularly from the dialogue established between Governments and cooperative movements in a series of regional ministerial conferences organized by ICA in Africa and Asia.

67. During 1992-1993, Governments of 16 developing countries where laws had previously expressed an interventionist stance adopted new legislation which fully acknowledged the independent status of cooperatives. In nine others, proposals were under consideration. In the European transitional economies, not all Governments and Parliaments had realized that cooperatives were private sector organizations controlled by their members and some had introduced legislation designed to transform cooperatives into joint-stock companies. Particularly in Africa, much progress was made also in the dismantling of cooperative ministries and parastatal agencies and in the reduction of governmental controls over marketing.

68. In its resolution 47/90, the General Assembly had encouraged Governments, in formulating national development strategies, to consider fully the potential of cooperatives for contributing to the solution of economic, social and environmental problems. During the reporting period, it was increasingly recognized that this might best be realized by developing an active but equal

partnership with the cooperative movement. In a number of countries, progress towards such a partnership was made, albeit not without initial conceptual and practical difficulties. In Nigeria, for example, in the aftermath of structural adjustment the Government implemented numerous programmes intended to promote sustainable rural development. These involved the establishment of numerous "group-based" or "pre-cooperative" entities, later registered as cooperatives. However, this was done without involving the national cooperative movement. Consequently, many collapsed because of inexperienced management and insufficient training and motivation. Later the situation was rectified and the relevant departments coordinated closely with the cooperative movement, which extended training and guidance to all new societies formed in the context of governmental programmes. In Zambia, in recognition of the vital role of the cooperative movement in the national economy, the Managing Director and Deputy Managing Director of the Zambia Cooperative Federation were appointed to the President's National Economic Advisory Council. In Canada, in October 1992 federal and provincial ministers responsible for cooperatives and cooperative representatives held a two-day conference where they examined a report on "The climate for cooperative community development", prepared by the Center for the Study of Cooperatives of the University of Saskatchewan. Participants agreed to seek ways to promote the use of the cooperative model in community development, to coordinate relevant governmental policies better and to discuss ways of ensuring that public programmes could be made available to cooperatives.

69. Intergovernmental organizations supported these processes. ILO undertook a comprehensive programme of research in Africa and Asia on the nature of relationships between Governments and the cooperative movement. In May 1993, it held a meeting of experts which also examined these relationships and in particular the need to revise the Cooperatives (Developing Countries) Recommendation, 1966 (No. 127). Partly on the basis of the discussions at that meeting, the United Nations in June 1993 circulated to all Member States a set of guidelines on the nature of a new partnership between the cooperative movement and Governments. Through its interregional programme for Structural Reform through Improvement of Cooperative Development Polices and Legislation (COOPREFORM), ILO promoted improvement of cooperative development legislation.

70. The United Nations system continued to support cooperative development. FAO promoted the full implementation of the Plan of Action for People's Participation in Rural Development adopted by the FAO Conference at its twenty-sixth session, in 1991. In Asia, FAO continued to support the Regional Network for the Development of Agricultural Cooperatives in Asia and the Pacific. In the context of its work within COPAC, it began a programme of research and development concerning capitalization in cooperatives. During 1993, FAO provided technical support, assistance and advice to the Governments of Ethiopia, Tanzania and Vietnam in restructuring their agricultural cooperative movements. For the same purpose, it organized in 1993 regional workshops on cooperative development and restructuring in China, the Philippines, Romania and Tanzania. It carried out two cooperative development and training projects, in Guinea and Zaire. A case study on the development of independent cooperatives in Zambia was completed. ILO continued its promotion of new cooperative legislation; new partnerships between cooperative movements and Governments; inter-cooperative trade, employment and human resources development; and cooperatives of migrants and indigenous persons. Special emphasis was given to

Africa and to the transitional economies. The United Nations Development Fund for Women assisted women's integration in cooperatives through country-level direct support projects to women's groups in pre-cooperative and cooperative societies, and by providing institution-building assistance to global cooperative organizations. Its recent focus has been on helping women's movements and credit cooperatives to come together and formulate a framework for women's participation. The United Nations Centre for Human Settlements, the United Nations Industrial Development Organization (UNIDO), the United Nations Development Programme, the World Bank and IFAD maintained their programmes of technical assistance for cooperative development. The United Nations continued to promote partnership between Governments and cooperative movements, particularly in social and environmental areas.

71. COPAC continued to operate as the principal formal means for interaction between the United Nations system and the global cooperative movement. Its structure was unique in that an inter-agency component (the United Nations, ILO and FAO) was joined by a non-governmental component (ICA, IFAP, IUF and WOCCU). This structure, and the highly successful collaboration it facilitated, constituted a model which might well be replicated in other areas. Pursuant to General Assembly resolution 47/90, the Executive Secretary of COPAC invited the World Bank, IFAD and UNIDO to consider membership of the Committee. While conveying their full support, these specialized agencies were unable to take full membership during the reporting period.

## IX. CONCLUSIONS

72. In view of the preceding examination of the role and status of cooperatives in the light of new economic and social trends, it may be concluded that:

(a) Cooperative enterprises provide the organizational means whereby a significant proportion of humanity is able to take into its own hands the tasks of creating productive employment, overcoming poverty and achieving social integration. By effectively looking after their own interests and resolving their own problems, they reduce pressures upon Governments while at the same time creating significant public goods;

(b) Cooperatives contribute substantially to the common good in market economies, principally by improving the efficiency and quality of the economy, but also by assuring democratization and environmental rationality. They constitute a model for a people-centred and sustainable form of societal organization, based on equity, justice and subsidiarity;

(c) It appears that the cooperative movement might be able to contribute significantly to economic efficiency and quality in developing economies, and in the transitional economies, including reduction in unemployment, poverty and social disintegration;

(d) Because cooperatives are business enterprises and formal components of the market, and because the cooperative movement is self-reliant, self-managed and largely self-financed, cooperatives function best when Governments refrain

from intervention other than registration, regulation and enforcement of the law that exists in respect to any type of business or association of citizens;

(e) Financial and technical support to cooperative movements by the remainder of society might be one of the more effective means whereby sustainability could be achieved within an acceptable period of time. Such support is most effective when channelled through cooperative development agencies;

(f) In view of the fact, that by their very existence, cooperatives contribute to the achievement of conditions which are also the goal of Governments and civic society, an effective working partnership at all levels between Governments and cooperative movements might be an important means to mobilize and allocate societal resources effectively;

(g) The quantitative and qualitative significance of genuine and democratic cooperative enterprises is insufficiently known, particularly in transitional economies.

## Notes

1/ These were in Cameroon (Union central des cooperatives agricoles de l'Ouest); Canada (Canadian Federation of Agriculture); France (Confédération française de la coopération agricole, transmitted by the Fédération nationale des syndicats d'exploitants agricoles); Italy (Confederazione nazionale coltivatori diretti); Sweden (Federation of Swedish Farmers and Swedish Farmers Supply and Crop Marketing Association); Tunisia (Union tunisienne de l'agriculture et de la pêche); Uganda (Uganda Cooperative Alliance); Zambia (Zambia Cooperative Federation); Portugal (Confederacao dos agricultores de Portugal); Indonesia (Himpunan Kerukunan Indonesia); United States of America (National Council of Farmer Cooperatives).

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